



**State of Louisiana**  
DIVISION OF ADMINISTRATION

**OFFICE OF STATEWIDE REPORTING AND ACCOUNTING POLICY**

**M. J. AMIKE® FOSTER, JR.**  
GOVERNOR

**MARK C. DRENNEN**  
COMMISSIONER OF ADMINISTRATION

August 6, 2000

**MEMORANDUM SA 01-02**

**TO:** Fiscal Officers  
All ISIS Agencies

**FROM:** F. Howard Karlton, CPA  
Director

**SUBJECT:** 1099 Printing

OSRAP is considering changing the way the printing method of the 1099s issued from ISIS. Currently, the 1099s are sent to an outsource vendor and printed on a mailer that is forwarded to the agencies for distribution. This process is expensive, does not resemble current trends in printing these forms, and reduces the time the agencies have to make adjustments in ISIS. This process also produces copies of the 1099 form that are not needed and causes the recipients confusion regarding the proper use of the copies they receive.

The new method will involve laser printing the 1099s on a single sheet of paper using software purchased by the Division of Administration (see attached). Because of this the 1099s will not be pre-sealed in a mailer, the agencies will have to 'Z' fold the 1099s and insert them in a window envelop. When printed on the mailers, the agencies have to remove their copy from the front of the 1099 mailers, burst them and place them in the mail. Changes to the 1099s needed after the forms are mailed have to be made manually by the agencies using a 1099 and 1096 forms. There is no central system record of changes made. These changes are then sent to the vendor and the IRS. Using this software, changes can be made to the data extracted from ISIS at any time. The forms can then be reprinted for the vendor and e filed with the IRS. The agency can request up to 10 changes per year through OSRAP and we will make the changes and file them with the IRS. Under the current method, OSRAP sends the magnetic tape produced from the 1099 process to the IRS through certified mail. Using this software, the 1099s will be sent to the IRS through e filing. This software builds the e-file to the IRS's specifications each year. Therefore, we would also experience cost savings by not having to make ISIS system adjustments for changes in the IRS file format. The agency can elect to make a file copy of the 1099s sent by using a standard copy machine. This file copy would be on an 8.5 X 11 sheet of paper instead of the current 8 X 3 5/8 sheet.

Additionally, the current method cannot generate other 1099 forms needed by the agencies. Using the software we will be able to generate other 1099 forms, such as

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1099Gs, needed for some subsidy payments. The agencies will need to provide us with information that allows us to extract the data from ISIS.

There are several versions of envelopes needed to mail the forms. A to Z Paper has a contract with the State to provide window envelopes with the agency return address pre-printed on them. It is contract number 404053. The envelopes are available for \$17.84 per 1,000. The agencies also have the option of producing labels using InfoMaker and word processing software.

Your input is requested in making this decision. Please inform us in writing of what problems would arise for you agency if OSRAP changes to this new method of producing the 1099s. We need to have **your responses by 8/31/00** so we can have the necessary purchasing documents created for whichever method is selected.

We appreciate your input in this matter and thank you in advance for your prompt response.

FHK: rtj

Attachment

DEPT OF HEALTH & HOSPITALS  
PO BOX 91117  
BATON ROUGE, LA 70821 9117

**Important tax information enclosed**

DONALD W BEARD  
1690 WHISPERING PINES RD  
LAKE CHARLES, LA 70605

☐ CORRECTED (if checked)

PAYER'S name, street address, city, state, ZIP code, and telephone no. <b>DEPT OF HEALTH &amp; HOSPITALS PO BOX 91117 BATON ROUGE, LA 70821 9117 225 342 4162</b>		1 Rents \$	OMB No. 1545-0115  <b>1999</b>  Form <b>1099-MISC</b>	
		2 Royalties \$		
		3 Other income \$		
PAYER'S Federal identification number <b>72-6011595</b>	RECIPIENT'S identification number <b>434067772</b>	4 <b>Federal income tax withheld</b> \$	5 Fishing boat proceeds \$	<b>Copy B For Recipient</b>  This is important tax information and is being furnished to the Internal Revenue Service. If you are required to file a return, a negligence penalty or other sanction may be imposed on you if this income is taxable and the IRS determines that it has not been reported.
RECIPIENT'S name, address, city, state and zip code <b>DONALD W BEARD 1690 WHISPERING PINES RD LAKE CHARLES, LA 70605</b>		6 <b>Medical and health care payments</b> \$ <b>4,264.01</b>	7 Nonemployee compensation \$ <b>2,911.02</b>	
		8 Substitute payments in lieu of dividends or interest \$	9 Payer made direct sales of \$5,000 or more of consumer products to a buyer (recipient) for resale <input type="checkbox"/>	
		10 Crop insurance proceeds \$	11 State income tax withheld \$	
Account number (optional)	12 State/Payer's state number	13	\$	

Form **1099-MISC**

(Keep for your records.)

Department of the Treasury - Internal Revenue Service

**Amounts shown on this form may be subject to self-employment tax.** If your net earnings from self-employment income are \$400 or more, you must file a return and compute your self-employment tax on **Schedule SE (Form 1040)**. See **Pub. 533**, Self-Employment Tax, for information on self-employment income. If no income or social security and Medicare taxes were withheld by the payer, you may have to make estimated tax payments if you are still receiving these payments. See **Form 1040-ES**, Estimated Tax for Individuals.

If you are an individual, report the taxable amounts shown on this form on your tax return, as explained below. (Others, such as corporations, fiduciaries, or partnerships, report the amounts on the proper line of your tax return.)

**Boxes 1 and 2.** Report rents from real estate on **Schedule E (Form 1040)**. If you provided significant services to the tenant, sold real estate as a business, or rented personal property as a business, report on **Schedule C or C-EZ (Form 1040)**. For royalties on timber, coal, and iron ore, see **Pub. 544**, Sales and Other Dispositions of Assets.

**Box 3.** Generally, report on the "Other income" line of **Form 1040** and identify the payment. If it is trade or business income, report this amount on **Schedule C, C-EZ, or F (Form 1040)**. The amount shown may be payments you received as the beneficiary of a deceased employee, prizes, awards, taxable damages, Indian gaming profits, or other taxable income.

**Box 4.** Shows backup withholding or withholding on Indian gaming profits. Generally, a payer must backup withhold at a 31% rate if you did not furnish your taxpayer identification number to the payer. See **Form W-9**, Request for Taxpayer Identification Number and Certification, for information on backup withholding. **Include this on your income tax return as tax withheld.**

**Box 5.** An amount in this box means the fishing boat operator considers you self-employed. Report this amount on **Schedule C or C-EZ (Form 1040)**. See **Pub. 595**, Tax Highlights for Commercial Fishermen.

**Box 6.** Report on **Schedule C or C-EZ (Form 1040)**.

**Box 7.** Generally shows nonemployee compensation. If you are in the trade or business of catching fish, box 7 may show cash you received for the sale of fish. Generally, payments reported in this box are income from self-employment. Since you received this form, rather than **Form W-2**, the payer may have considered you self-employed and did not withhold social security or Medicare taxes. Report self-employment income on **Schedule C, C-EZ, or F (Form 1040)**, and **compute the self-employment tax on Schedule SE (Form 1040)**. However, if you are not self-employed, report this amount on the "Wages, salaries, tips, etc." line of **Form 1040**. Call the IRS for information about how to report any social security and Medicare taxes.

**Box 8.** Shows substitute payments in lieu of dividends or tax-exempt interest received by your broker on your behalf after transfer of your securities for use in a short sale. Report on the "Other income" line of **Form 1040**.

**Box 9.** If marked, sales to you of consumer products on a buy-sell, deposit commission, or any other basis for resale have amounted to \$5,000 or more. The person filing this return does not have to show a dollar amount in this box. Generally, report any income from your sale of these products on **Schedule C or C-EZ (Form 1040)**.

**Box 10.** Report on the "Crop insurance proceeds..." line on **Schedule F (Form 1040)**.

**Box 13.** "A" or "EPP" may be shown to identify the income you received: A--Gross proceeds paid to an attorney in connection with legal services. EPP--Excess golden parachute payments subject to a 20% excise tax. See your **Form 1040** instructions for the "Total Tax" line. The amount in box 7 is your total compensation.

Other information may be provided to you in box 13 without "A" or "EPP."